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STEPTOE & JOHNSON LLP

ATTORNEYS AT LAW

1830 Connecticut Avenue, NW  
Washington, DC 20036-1795

Telephone 202.429.3000  
Facsimile 202.429.3902  
www.steptoelaw.com

Pantelis Michalopoulos  
202.429.6494  
pmichalo@steptoelaw.com  
Personal Facsimile: 202.261.0530

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April 13, 2000 APR 13 2000

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Salas  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

**Re: Ex Parte Presentations in File Nos.: DA 00-191, DA 00-318, WT Docket No. 98-205, WT Docket No. 96-59, and GN Docket No. 93-252**

Dear Ms. Salas:

Pursuant to Section 1.1206 of the Commission's rules and regulations, 47 C.F.R. § 1.1206, the purpose of the letter is to report that the following *ex parte* meetings occurred on April 6 and April 7, 2000 between representatives of GTE Service Corporation ("GTE") and

Bryan Tramont, Esq.	Office of Commissioner Furchtgott-Roth (April 6, 2000)
Peter Tenhula, Esq.	Office of Commissioner Powell (April 7, 2000)
Adam Krinsky, Esq.	Office of Commissioner Tristani (April 6, 2000)
Mark Schneider, Esq.	Office of Commissioner Ness (April 6, 2000)
Ari Fitzgerald, Esq.	Office of Chairman Kennard (April 7, 2000)

At the meetings, GTE representatives summarily discussed GTE's views in the above-captioned proceedings, analyzed in more detail in GTE's comments and reply comments in these file numbers. GTE believes that the Commission should provide relief from the spectrum cap for purposes of the C and F Block spectrum, including the licenses to be re-auctioned on July 26, 2000. To be effective and ensure a fast and efficient auction process, removal of the Designated Entity eligibility restriction for that re-auction should be accompanied by relief from the spectrum cap. GTE explained that, based on conservative projections, it needs access to dramatically expanded spectrum in order to provide wireless Third-Generation ("3G")

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services. GTE's estimates of sharply increased spectrum needs are based on the conservative assumption that the advanced wireless services demanded by consumers will fall short of a full-fledged wireline broadband access experience. Even under that assumption, GTE has estimated that relatively modest users of 3G services will require as much as 20 times more per-subscriber capacity than voice users. Indeed, that estimate is based on yet other conservative assumptions – it assumes a very aggressive conversion to digital, approaching 100% penetration in the very short term, and very rapid commencement of 3G deployments, with all the efficiencies available from use of this advanced technology.

GTE is aware of the Commission decision last year to retain for now the CMRS spectrum cap for all CMRS providers, and its reasons for doing so.<sup>1</sup> At the same time, there have been certain significant changes in the CMRS marketplace since the release of the *Spectrum Cap Order* that justify a second look at that decision. In particular, the CMRS marketplace has seen the advent of at least one new national, flat-rate pricing plan (Verizon's recently announced offering), and one more near-national competitor (the SBC/BellSouth combination). Such packages will make it even more difficult -- indeed, impossible -- for any carrier in any region to raise prices significantly, as it would be automatically undercut by the flat-rate national providers. Now more than ever before, regional markets have become an inappropriate basis for competitive analysis. At the national level, on the other hand, the competitive landscape is truly diluted, with now at least five national wireless companies and a myriad of regional and local carriers competing fiercely against one another. This type of marketplace does not raise any of the concerns that informed the Commission's retention of the cap. Nor is there any fear of spectrum warehousing. Indeed, some large incumbent companies are requesting partitioning of the 30 MHz C-block spectrum into 10 MHz blocks *instead of* spectrum cap relief. Such requests may be due to concern that this spectrum, far from being warehoused, will be used aggressively by competitors if (1) it is not broken up into much smaller segments, and (2) the spectrum cap is lifted. The possible motivation behind such positions suggests that spectrum cap relief will *encourage* aggressive use of the spectrum, not create any prospect of warehousing. In addition, consumer demand for wireless Internet applications has increased significantly in the last few months alone, making carriers' 3G-related needs that much more tangible.

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<sup>1</sup> *Aggregation Limits for Wireless Telecommunications Carriers; Cellular Telecommunications Industry Association's Petition for Forbearance from the 45 MHz CMRS Spectrum Cap; Amendment of Parts 20 and 24 of the Commission's Rules – Broadband PCS Competitive Bidding and Commercial Mobile Radio Service Spectrum Cap; Implementation of Sections 3(n) and 332 of the Communications Act; Regulatory Treatment of Mobile Services*, Report and Order, WT Docket 98-205, WT Docket No. 96-59, and GN Docket No. 93-252 (rel. Sept. 22, 1999) ("*Spectrum Cap Order*").

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In short, competitive checks on the market power of existing CMRS providers together with imminent spectrum shortages warrant reconsideration of the Commission's decision to maintain the CMRS spectrum cap. At a minimum, GTE urges the Commission to take a first, cautious step towards such reconsideration by lifting the spectrum cap with respect to the C and F Block spectrum. Such a step would alleviate near-term spectrum pressures, allowing carriers to meet consumer demands pending further Commission action.

Five originals and five copies of this letter are submitted for inclusion in the above-captioned file numbers.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Michalopoulos', written in a cursive style.

Pantelis Michalopoulos  
*Attorney for GTE Service Corporation*

Enclosures

cc: Ari Fitzgerald, Esq.  
Adam Krinsky, Esq.  
Mark Schneider, Esq.  
Peter Tenhula, Esq.  
Bryan Tramont, Esq.